



CITY OF DURHAM | NORTH CAROLINA

**Date:** January 3, 2012

**To:** Thomas J. Bonfield, City Manager

**Through:** Wanda S. Page, Deputy City Manager

**From:** David Boyd, Finance Director  
Joseph W. Clark, Financial Operations Manager

**Subject:** Bids – Estimated Annual Requirements for E-10 Gasoline  
(1,000,000 gallons)

### **Executive Summary**

The contract under consideration will furnish/provide the City with its estimated annual requirements for E-10 (Gasoline). All prices under the proposed contract are subject to market fluctuation.

This contract was originally approved at the October 3, 2011 City Council meeting and was awarded to Darden Putman Energy and Logistics. Recently, Darden Putman Energy and Logistics informed the administration that they are losing money and have exercised the termination for convenience clause in the contract. Indigo Energy Partners of Alpharetta, Georgia the next low bidder is not interested in the contract.

Petroleum Traders Corporation, the third lowest bidder has stated they would accept the contract at the margin that was bid. The total estimated cost of the contract is \$3,107,900.00. Funding for this contract is available from the operating budget of the Fleet Maintenance Department (0S110000.114101) and DATA (5310U051.723010).

Gasoline price adjustments under this proposed contract shall be based solely on the change in the “Average Price” of the prices listed in the weekly publication, “Oil Price Information Service, Pad 1 Report”, listed under Greensboro, North Carolina. Any upward or downward change in the “Average Price” from one OPIS publication to the next will be added to or subtracted from the previous week contract price.

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Petroleum Traders Corporation of Fort Wayne, Indiana and have determined that

they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting. There were no SDBEs to provide this product.

### **Recommendation**

That the bid for the purchase of E-10 Gasoline in the estimated amount of \$3,107,900.00 from Petroleum Traders Corporation be approved and the City Manager be authorized to execute all relevant contracts; and,

That the City Manager be authorized to modify the contract before execution provided that modifications do not increase the dollar amount of the contract and are consistent with the general intent of the existing version of the contract.

### **Background**

The contract under consideration will furnish/provide the City with its estimated annual requirements for E-10 (Gasoline). All prices under the proposed contract are subject to market fluctuation. The estimated contract gallonage is based on past usage.

Gasoline price adjustments under this proposed contract shall be based solely on the change in the "Average Price" of the prices listed in the weekly publication, "Oil Price Information Service, Pad 1 Report", listed under Greensboro, North Carolina. Any upward or downward change in the "Average Price" from one OPIS publication to the next will be added to or subtracted from the previous week contract price.

This contract was originally approved at the October 3, 2011 City Council meeting and was awarded to Darden Putman Energy and Logistics. This company has defaulted on the contract. Indigo Energy Partners of Alpharetta, Georgia the next low bidder had requested their bid to be withdrawn at the bid opening due to using the wrong price margin.

### **Issues/Analysis**

The following bids were received for furnishing E-10 Gasoline: (1,000,000 gallons)

COMPANY		BID
Darden Putman Roswell, GA	(non-responsive)	\$.0013/margin \$3,095,600.00
Indigo Energy Alpharetta, GA	(non-responsive)	\$.0063/margin \$3,100,600.00
Petroleum Traders Fort Wayne, IN	*	\$.0136/margin \$3,107,900.00
James River Petroleum Stuart, VA		\$.0160/margin \$3,110,300.00

Go Energies Wilmington, NC	\$.02735/margin \$3,121,700.00
Great Lakes Cleveland, OH	\$.0294/margin \$3,123,700.00
PAPCO Virginia Beach, VA	\$.0367/margin \$3,131,000.00

\*Recommended Bid

### **Alternatives**

Staff could re-bid the contract, but feels that the bid submitted by Petroleum Traders is competitive, and that their pricing margin is sustainable over the contract period.

### **Financial Impact**

The total cost of the contract is \$3,107,900.00. Funding for this contract is available from the operating budget of the Fleet Maintenance Department (0S110000.114101) and DATA (5310U051.723010).

### **SDBE Summary**

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Petroleum Traders Corporation of Fort Wayne, Indiana and have determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

### **SDBE REQUIREMENTS**

There were no SDBEs to provide this product.

### **WORKFORCE STATISTICS**

The workforce statistics for Petroleum Traders Corporation are as follows:

Total Workforce	91	100%
Total Females	60	66%
Total Males	31	34%
Black Males	1	1%
White Males	29	32%
Other Males	1	1%
Black Females	2	2%
White Females	51	56%
Other Females	7	8%